

TENNESSEE REGULATORY AUTHORITY



Deborah Taylor Tate, Chairman
Pat Miller, Director
Sara Kyle, Director
Ron Jones, Director

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460 James Robertson Parkway
Nashville, Tennessee 37243-0505

T.R.A. DOCKET ROOM

September 12, 2003

Mr. Dale Grimes
Counsel for Piedmont Natural Gas Company
315 Deaderick Street, Suite 2700
Nashville, Tennessee 37238

Mr. Bill Morris
Director of Corporate Planning & Development
Piedmont Natural Gas Company
1915 Rexford Road
Charlotte, North Carolina 28233

Mr. Timothy Phillips, Esq.
Assistant Attorney General
Office of the Attorney General, Consumer Advocate Division
Post Office Box 20207
Nashville, Tennessee 37202

Re: Docket No. 03-00313 – Application of Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc. for an Adjustment of its Rates and Charges, the Approval of Revised Tariffs and the Approval of Revised Service Regulations

Dear Mr. Grimes, Mr. Morris and Mr. Phillips:

In order for me to evaluate the Stipulation filed in the above-captioned docket on September 9, 2003, I request that you file the following information with the Tennessee Regulatory Authority by no later than **4:30 p.m., Tuesday, September 16, 2003.**

Operating Income:

1. According to the Company's response to Staff Data Request No. 152, the Company used a 17.32% rate to capitalize corporate payroll. However, on Company Workpaper SW-7, the percentage of payroll capitalized amounts to 6.89%. It appears that using 17.32% would reduce corporate payroll by approximately \$503,000. Reconcile and calculate the impact of this discrepancy.

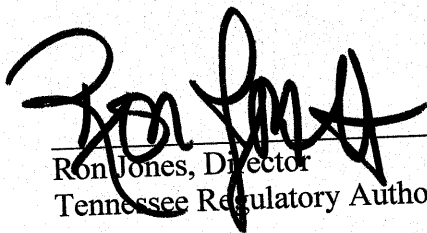
2. In prior utility rate cases, both the TRA and the TPSC have affirmed a policy of eliminating operating expenses from recovery for Company charitable contributions, civic donations and related miscellaneous expenses that have no bearing on providing utility service. Referring to TRA data request item #132, provide the amount of expenses that should be adjusted to adhere to this policy.

Rate Design:

1. Refer to Schedule 1 of the Stipulation. Provide the rationale for eliminating the residential discounted air-conditioning rate for those customers who have installed this equipment in order to receive such a discount.
2. Refer to Schedule 3 of the Stipulation.
 - a. Provide a calculation of the monthly calendar and cycle (16-15) heating degree days for both the test period and the normal period.
 - b. If the Company's normal heating degree days are calculated for any time period outside of the test period (December 31, 2002) provide both the rationale for such a departure and also calculate the effect of using a normal 30-year period that ends with December 31, 2002.
3. Refer to Schedule 4 of the Stipulation. Provide a schedule summarizing all changes agreed to by the parties in the Company's tariff and service regulations, including returned check charges, reconnect charges, and service line extension charges.

If there are any questions regarding these requests, the parties should jointly contact me at (615) 741-3668.

Sincerely,



Ron Jones, Director
Tennessee Regulatory Authority

cc: Deborah Taylor Tate, Chairman
Pat Miller, Director
Sara Kyle, Director
Aster Adams, Chief of the Economic Analysis and Market Monitoring Division
Richard Collier, General Counsel
William H. Novak, Chief of the Energy and Water Division
Mr. George H. Goodwin, Jr., Executive Director
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